

**Department of
Veterans Affairs**

Memorandum

Date: November 27, 2001

From: Director, Office of Asset Enterprise Management (004B)

Subj: Further Guidance for VA's Energy Investments

To: Administration Heads, Assistant Secretaries and Other Key Officials

1. In a memorandum dated September 13, 2001, the Deputy Secretary tasked the Office of Asset Enterprise Management (OAEM) with developing a comprehensive Department-wide energy investment policy, which will be based upon a review of VA and other federal agencies' practices as well as private sector-based performance standards and benchmarks. OAEM is in the process of developing Program Specific Guidance for a Department-wide energy investment policy, which you will have a role in helping to define the future requirements for this program.
2. Since the issuance of initial guidance for VA's energy investments on September 13, 2001, it has become apparent that significant (in some cases in excess of \$1 million) contingent liabilities are being incurred upon entering into agreements to perform feasibility studies, energy audits etc. As a result, until final guidance is issued, **all** contractual actions that obligate the Department to more than \$50,000 must be submitted to OAEM for review prior to execution (feasibility studies, audits, and/or proposal preparation that are less than \$50,000 are excluded from this requirement).
3. The following information must be addressed when submitting proposals during this interim review period:
 - a. Information on existing energy utilization ("baseline"), including methods of measurement and verification, and any necessary adjustment factors (growth, weather, occupancy, etc.) used in projecting utilization;
 - b. Description of the proposed contract, including proposed improvements, projected benefits, methods used to estimate future utilization, costs, or savings, and economic analysis including payout/cash flow/savings/other benefits;
 - c. Description of all viable alternatives, including any decision tools and analyses supporting selection of the proposed award;
 - d. Explicit terms and conditions of the proposed contract, including: performance guarantees; justification for proposed length of

contract; termination conditions or liabilities imposed on either party; operational or financial obligations imposed on VA; commitment on the part of VA to provide or improve real property; commitment on the part of VA to buy or sell additional services; terms or conditions affecting any third parties; potential assignment of obligations or benefits; any other appropriate risk management measures such as insurance, indemnification, performance or completion bonds, or capital and/or operating reserve funds; and

- e. Proposed execution schedule and existing commitments or obligations already in place with regard to the proposed contract.
4. The energy investment requests and supporting information/data should be forwarded to the Investment and Enterprise Development Service (004B2).
 5. Please have a member of your staff contact Jake Gallun at 273-8862 or Ed Bradley at 273-9489 if you have any questions or require additional assistance.

/s/

Anatolij Kushnir